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Leza L Olson 10/30/2006 09:09:19 AM From DB/Inbox: Leza L Olson

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TAGS: [ECON](#) [ETRD](#) [KIPR](#) [IS](#)
SUBJECT: IFPI ISRAEL: UPDATE ON COPYRIGHT LEGISLATION

Classified By: Acting Economic Counselor Jason N. Witow for reasons 1.4
(b) and (d)

¶1. (C) Summary: In a October 26 meeting with the Managing Director and Legal Advisor of the International Federation of Phonographic Industry (IFPI) in Israel, Econoff emphasized the need to focus concerns about the Copyright Bill and the Copyright Tribunal Bill into a coherent argument that the USG could draw from in negotiations with the GOI. Itshak Sheffer, managing director, said that the Copyright Tribunal Bill was more damaging in some ways than that the Copyright Bill. IPFI offered to provide Post with an English translation of the Copyright Tribunal Bill within two weeks. IFPI noted that the Copyright Bill institutes discrimination against foreign recording producers, for the first time ever treating foreign recordings differently from Israeli recordings. IFPI predicted that a debate on these two pieces of legislation will commence within the next two months in the Knesset Economic Committee. IPFI urged direct USG engagement with the Israeli Ministry of Justice (MoJ) as the most effective way to change the legislation. End summary.

Copyright Tribunal Bill

¶2. (C) The Copyright Tribunal Bill was passed to the Knesset in July 2006 as government-sponsored legislation. While the recording industry only expected the MoJ to attempt to legislate changes in the way that royalties are collected, IFPI's legal advisor Eyal Price said the provisions of this legislation "are far beyond the worst that we had imagined." IFPI offered to provide Post with an English translation of the bill within two weeks. The two provisions of the legislation of most concern to the international recording

industry are the consolidation of royalty collection so that it can be carried out by only one government approved organization, and the requirement that tariffs (royalties) to be collected are pre-approved by a government committee. If the legislation passes, Sheffer said, these two provisions could effectively end the presence of IPFI in Israel. He added that the proposal to require pre-approval of tariffs by a government committee would mean the end of royalty collection. Canada was the only country, that Sheffer is aware of, which has moved towards a pre-approval system for tariffs -- and "it's a disaster!"

13. (C) The Ministry of Justice can expect domestic support for the collectivization of royalties collection, as Israeli performers and authors do not have a well functioning system for collecting royalties. In addition, Sheffer said he is worried that Israeli artists will push forward legislation permitting copying of content for personal use -- in effect legalizing piracy -- with limited compensation to be provided to rights holders in the form of an small tax on the digital media which can be used for copying. A draft of a digital media tax bill was completed by the MoJ in early 2005, but work on the legislation has stalled.

Copyright Bill

14. (C) Price described the problem with the Copyright Bill succinctly saying, "the Ministry of Justice wants to limit the rights provided to foreign recording producers." Price said that given the globalization of world music production, even Ministry of Justice assurances that the bilateral U.S.-Israel treaty would continue to ensure rights for U.S. producers, is not sufficient to protect the interests of U.S. industry. Price also said two items which do not appear in the current draft legislation -- penalties for circumvention of technical protection and rights management information -- concern IFPI.

Next steps

15. (C) Sheffer explained that since the Knesset Economics Committee was flooded with input on the copyright legislation, he expects the committee's legal advisor Eti Bendler will need at least a month to examine the public comments and seek clarification from the Ministry of Justice. Once this process is complete, the Economics Committee will hold public hearings on the legislation and IFPI plans to testify. Sheffer said that while Economic Committee Chairman Moshe Kahlon initially appeared unenthusiastic about the legislation, a combination of pressure from the Ministry of Justice staff (pushing to move the legislation forward) and the overwhelming response to the committees' call for public comments, moved the Copyright Bill and the Copyright Tribunal Bill to the top of the Economics Committee's agenda.

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JONES